

TENNESSEE GENERAL ASSEMBLY
FISCAL REVIEW COMMITTEE



FISCAL MEMORANDUM

SB 1301 - HB 1508

March 19, 2021

SUMMARY OF ORIGINAL BILL: Decreases, from 10 to 5 days, the time in which a licensed sportsbook must request additional information from a bettor, if the information initially provided by the bettor for making a deposit or withdrawal is insufficient for verifying the bettor's identity and financial information.

FISCAL IMPACT OF ORIGINAL BILL:

NOT SIGNIFICANT

SUMMARY OF AMENDMENT (004835): Deletes all language after the enacting clause. Decreases, from 80 percent to 78 percent, the amount of privilege taxes collected from sports gambling that is allocated to the Lottery for Education Account, and distributes that 2 percent to the State Treasurer to be allocated to rural and urban at-risk youth programs.

FISCAL IMPACT OF BILL WITH PROPOSED AMENDMENT:

**Increase State Revenue – Exceeds \$720,000/FY21-22 and Subsequent Years/
State Treasurer**

**Decrease State Revenue – Exceeds \$720,000/FY21-22 and Subsequent Years/
Lottery for Education Account**

Other Fiscal Impact – The \$720,000 increase in revenue to the State Treasurer is to be allocated to rural and urban at-risk youth programs. The timing, amount, and process for such allocations are unknown.

Assumptions for the bill as amended:

- The first three months of collections of privilege taxes from sports wagering were \$2,360,000 in November 2020, \$3,080,000 in December 2020, and \$4,300,000 in January 2021.
- The average of these three months of collections is \$3,246,666 $[(\$2,360,000 + \$3,080,000 + \$4,300,000) / 3]$; therefore, it is reasonably estimated that the average monthly collections will exceed \$3,000,000 into perpetuity.

- An estimated minimum of \$60,000 per month ($\$3,000,000 \times 2\%$) would be redistributed from the Lottery for Education Account to the State Treasurer, to be allocated to rural and urban at-risk youth programs.
- The total recurring decrease in state revenue to the Lottery for Education Account is estimated to exceed \$720,000 ($\$60,000 \times 12$ months).
- The corresponding increase in revenue to the State Treasurer, to be allocated to at-risk youth programs, will exceed \$720,000.
- Any impact on the Department of Treasury to implement the distribution of such funds to youth programs will be not significant.

CERTIFICATION:

The information contained herein is true and correct to the best of my knowledge.

A handwritten signature in black ink that reads "Krista Lee Carsner". The signature is written in a cursive, flowing style.

Krista Lee Carsner, Executive Director

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